Decision 95-12-020 December 6, 1995

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Services and Establish a Framework for Network Architecture Development of Dominant Carrier Networks.	R.93-04-003 (Filed April 7, 1993)
Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks.	I.93-04-002 (Filed April 7, 1993)

DECISION GRANTING JOINT PETITION TO MODIFY DECISION 95-04-073 WITH RESPECT TO THE RATE STRUCTURE FOR INTRASTATE LOCAL TRANSPORT

On October 20, 1995, Pacific Bell (Pacific) filed on behalf of itself and seven other parties[1] a Joint Petition To Modify Decision (D.) 95-04-073 (Joint Petition), the interim decision in this docket on expanded interconnection and local transport restructuring. In brief, the Joint Petition asks the Commission not to implement the rate structure for local transport set forth in D.95-04-073 (mimeo. at pages 34-40), but to implement instead a rate structure in parity with that adopted by the Federal Communications Commission (FCC) in its own proceeding on local transport restructuring. Under the proposal in the petition, three of the four rate elements would be identical to those in effect at the FCC. The fourth element, however, would be different. This

---

1 The other parties joining in the petition are GTE California Incorporated (GTEC), Teleport Communications Group, Inc. (TCG), ICG Access Services (ICG), GST-Pacific Lightwave Inc. (PLI), MCI Telecommunications Corporation (MCI), AT&T Communications of California (AT&T) and Sprint Communications Company L.P. (Sprint).

fourth element--which petitioners call the Network Interconnection Charge (NIC) to distinguish it from the FCC's Residual Interconnection Charge (RIC)--would recover transport revenues not assigned to the other elements (as does the RIC), but at a lower level. The interim local transport rate structures that the parties have agreed to for Pacific and GTEC are contained in Attachments A and B, respectively, to the Joint Petition. These rate structures are also set forth in Appendices A and B to this decision.

Since petitioners asserted that time is of the essence in implementing their proposed rate structure, the Joint Petition was accompanied by a Joint Motion for an order shortening the time for responses to the petition. On October 26, 1995, the assigned Administrative Law Judges (ALJs) issued a ruling granting this motion, and specifying that any responses to the Joint Petition should be filed on or before November 9, 1995.[2] No response to the Joint Petition has been filed, so it is unopposed.

Because we are satisfied that the negotiated rate structure set forth in the Joint Petition is reasonable, will eliminate the controversy occasioned by the rate structure set forth in D.95-04-073, and will promote our goal of introducing competition into the intrastate local transport market immediately, we have decided to approve it.

A. Background

In order to understand the proposed rate structure agreed to by petitioners, some understanding is necessary of the FCC's interim rate structure, of our reasons for departing from it in D.95-04-073, and of the controversy that our approach in D.95-04-073 has engendered.

2 Administrative Law Judges' Ruling Shortening Time For Responses To Joint Petition For Modification of Decision 95-04-073.

1. The FCC's Local Transport Rate Structure and the Reasons for Our Departure from It in D.95-04-073

The FCC's four-part interim rate structure was adopted in a series of rulings in 1992 and 1993 in CC Docket No. 91-213. Under this rate structure--which was designed to replace the "equal charge" rule imposed by the consent decree that broke up AT&T in 1983--interstate local transport was unbundled into the following elements: (1) a flat-rate entrance facilities charge, covering transport from the Point of Presence (POP) of an interexchange carrier (IEC) to the serving wire center (SWC) of the local exchange carrier (LEC); (2) a flat-rate direct-trunked transport element, covering transport from the SWC to an end office for traffic requiring no tandem switching; (3) a usage-based tandem-switched transport element, for transport from the SWC to an end office for traffic that is switched at a tandem; and (4) the RIC, a usage-based charge paid by all interstate access customers who interconnect with the LEC switched network. (See D.95-04-073, mimeo. at pp. 6-7.)

As explained in D.95-04-073, the comments filed in this docket in 1993 and 1994 made clear that the RIC was highly controversial. Because it was designed to recover fully 80% of tandem costs, the RIC's practical effect was to set common transport rates low (thus protecting the small IECs who use tandems), while setting switched dedicated transport rates high (thus favoring the competitive access providers, or CAPs). For this reason, it was criticized by many parties, including Pacific, AT&T, Sprint, MCI, and the Division of Ratepayer Advocates (DRA). These parties suggested various ways of dealing with the distortions created by the RIC, including (1) use of the non-distance sensitive transport rates adopted in the implementation rate design (IRD) phase of I.87-11-033 et al., (2) a gradual phasing out of the RIC over a period of years, or (3) use of a lower "revenue requirement" for local transport than specified in the IRD decision, D.94-09-065. (Id., mimeo. at pp. 30-34.)[3]

After weighing the convenience of parity with the FCC's rate structure against the problems posed by the RIC, we rejected parity and ordered use of the local transport rates adopted in the IRD decision. We said:

> The parties' criticisms of the RIC and the complexity of their suggestions for replacing it with something else have convinced us to abandon our original proposal in D.93-08-026 and to reject the FCC's interim rate structure. The FCC's structure recovers through the RIC too much revenue from large IECs who make limited use of tandems, while apportioning only a fraction of tandem costs to tandem users. The IRD structure, on the other hand, recovers

---

3 As we explained in D.95-04-073, "revenue requirement" has a special meaning when used in this context:

> "When [we speak] of an IRD 'revenue requirement', [we are] not using that term in the classical sense of monopoly utility regulation, but [are] instead referring to the 'start up' revenue levels first adopted in D.89-12-048 (34 CPUC2d 155). As explained in that decision, these start up revenues were adopted in order to ensure that the 'price cap' rates put into effect on January 1, 1990 pursuant to the NRF decision would not result in Pacific and GTEC earning substantially more than the 11.5% rate of return authorized for them. The start up revenues (which were based on the two LECs' intrastate operations during the first eight months of 1989) have been modified in subsequent decisions.
>
> In Appendices C and D to D.94-09-065, we made incremental changes to the revenue amounts for various services in the start-up revenue requirement to reflect the revenue neutrality and rate rebalancing carried out in IRD. Because local transport rates were reduced in IRD, transport revenues make up a smaller share of the total revenue requirement than in the pre-IRD environment. That shortfall was made up by increasing rates for other services." (Mimeo. at p. 34, n. 27.)

> all switched transport costs through a minutes-of-use (MOU) charge, regardless of the routing used. We agree with DRA, Pacific, and IAC that since the FCC's interim rate structure permits distance sensitivity while IRD's does not, it would be a step backwards to adopt transport rates in parity with the FCC's. (Id., mimeo at pp. 34-35.)

We also recognized, however, that use of the IRD rates without some modification would raise serious questions of equity, since these rates were adopted before our approval (in D.95-04-073) of intrastate collocation. Collocation, we pointed out, enabled collocators to avoid a portion of the LEC's network, and

> ". . . [t]he question arises, therefore, whether it is fair to make the customers of collocators pay the full IRD local transport rate when doing so forces them, in effect, to pay for some LEC facilities they do not use." (Id. at 36.)

Our solution to this problem was to grant the customers of record served by collocators an "interim discount" off of IRD local transport rates "based on the distance sensitive LEC costs that collocators avoid when they interconnect with the LECs and transport traffic over their own systems." (Id. at 38.)[4] The discount was based on the direct embedded cost (DEC) studies submitted in IRD, since these were the studies used to determine IRD's local transport rates. We calculated that for Pacific, the discounted rate of $.004446 represented a 37.8% discount from the IRD transport termination rate element, and that GTEC's discounted

---

4 We described the formula used for computing the interim discount as follows:

> "The distance-sensitive LEC costs are calculated by multiplying the average inter-office mileage by the DEC expressed on a per minute-of-use, per mile basis." (Id. at p.38, fn. 29.)

rate of $.005078 represented a 29.0% discount from the rate adopted in IRD. (Id.) We also pointed out that these discounts represented only a "very rough proxy" that we hoped to replace soon:

> "We recognize that this discount methodology is an interim expedient and is not based upon the costs that IECs and other customers of record actually avoid when they use the transport facilities of a collocator. As noted above, the studies currently available to us do not give an accurate measure of such costs. We are therefore choosing the discount method more for reasons of public policy--i.e., the need to encourage competition immediately between collocators and the LECs for local transport business--than for the discount method's accuracy as a proxy. However, we expect that as the work in this docket progresses, Pacific and GTEC will file fully unbundled LRIC-based cost studies that will furnish an accurate picture of the unbundled costs LECs incur when collocators interconnect with them. As these studies become available, we expect to amend the LECs' transport rates to reflect them." (Id. at 39-40; footnotes omitted.)

2. The Controversy Surrounding Implementation of D.95-04-073's Interim Discount

Pursuant to Ordering Paragraphs (OP) 6 and 7 of D.95-04-073, Pacific and GTEC filed advice letters setting forth local transport rates with the above-described discounts for customers of record served by collocators. Pacific filed its advice letter (No. 17502) on May 26, 1995, and GTEC filed its advice letter (No. 7653) on May 25, 1995, with an amendment (No. 7653A) on June 30, 1995.

These advice letters drew prompt and vigorous protests. Pacific's advice letter was protested by ICG, MCI, PLI, and TCG, GTEC's was protested by AT&T, ICG, PLI, and TCG.[5] In general, the protestants argued that Pacific and GTEC had interpreted D.95-04-073 too narrowly, unduly restricting the collocator traffic eligible for the discount to traffic that originated and terminated in a central office. The LECs responded that the CAPS were overextending the language and intent of D.95-04-073, and that acceptance of the CAP interpretation would result in availability of the discount in circumstances where no distance-sensitive LEC facilities were avoided. The Joint Petition describes the parties' differences over the proper interpretation of the discount as follows:

> "(T)he CAPs argued that the LEC interpretation of the decision denied them the discount in situations where their facilities avoided some LEC facilities, and that this situation, when combined with the LECs' new contracting flexibility under Category II, placed them in an untenable competitive situation. The LECs argued that the interpretation of the decision advocated in the protests would result in CAP customers being eligible for the discount where the CAP had only avoided LEC entrance facilities. The LECs argued that the discount would simply become the new, lower price, and result in an improper revenue reduction for them." (Joint Petition at 3-4.)

B. Description of the Negotiated Settlement
<u>Set Forth in the Joint Petition for Modification</u>

The impasse over the proper interpretation of the collocator discount continued until August 30, 1995, when the parties met with Commissioner Conlon. After hearing their respective positions, he suggested they meet to discuss a settlement, so that the Commission would not be forced to choose

5 AT&T's protest of GTEC's advice letter, which concerned different issues than those addressed here, was withdrawn after GTEC revised its tariff.

between their sharply differing (and mutually exclusive) interpretations of the discount.

The Joint Petition is the result of meetings held in person and by conference call over the next six weeks. As noted in the introduction, the essence of the parties' agreement is abandonment of local transport rates based on IRD and a return to the FCC's unbundled interim rate structure. However, to meet our clearly expressed concerns about the RIC, the petitioners would replace it with the NIC, which would <u>not</u> be calculated "so as to close to absolute revenue neutrality with the LECs' intrastate revenue requirements." Instead, Pacific estimates that use of the NIC would result in a revenue reduction of approximately $30 million from its authorized IRD rates. GTEC estimates that use of the NIC would result in a revenue reduction of about $4.6 million for it. (Id., at 5, n.3.) Despite these expected reductions, "Pacific and GTEC agree not to seek any rate increase or offset, or any rate rebalancing of any kind, in connection with this revenue reduction." (Id.)

The settlement agreed to by the parties has several elements besides replacement of the RIC with the NIC. The Joint Petition describes these other elements as follows:

> "Consistent with parity, the LECs would be allowed to implement zone density pricing.[6] However, as Pacific [and GTEC have] indicated to CACD, the LECs will forego contracting flexibility (i.e., the ability to enter into customer-specific contracts for switched access local transport service) until a long-term local transport rate structure is put in place. This is expected to occur on or about January 1, 1997 in the OANAD proceeding. Pacific and GTEC will have 'Category II' rate flexibility, and, upon approval of their price floors, could, if they chose to, seek to reduce tariffed local transport rate elements by zone to no lower than the applicable price floors pursuant to advice letter. However, until a long-term transport rate structure is in effect, and without pre-judging the correct outcome of such a claim, the parties agree that any party could file a protest of such an advice letter and such protest would be examined by CACD and the Commission on its merits pursuant to the GO 96A '40-day' advice letter process and would not be discarded

---

6 In D.95-04-073, we described the FCC's zone density plan as follows:

> "This approach allows LECs to establish three zones within their respective 'study areas' (i.e., service areas within a state) and to average rates within these zones, rather than being restricted to charging only one system-wide rate. The FCC concluded that by authorizing zone density pricing, it would give the LECs sufficient pricing flexibility to avert the risk of losing to the CAPs a large portion of their special access and local transport business in areas where LEC transport costs were below system-wide averages. Zone density pricing was authorized as soon as a single cross-connect had occurred in a study area." (Mimeo. at pp. 5-6.)

simply because the proposed rate was above the applicable price floor." (Id. at 5-6.)

We note that our past practice could be fairly characterized as one of geographic average pricing. We further note that this pricing practice is under review in several active proceedings affecting local competition. Our actions today in granting this petition are not precedential nor do they prejudge the outcome of these other proceedings. Our decision to grant the joint petition is an interim solution. This action will expedite local competition through the adoption of reasonable tariffs for specific telecommunication services used to interconnect telecommunication networks and to carry traffic across between them.

C. Discussion

We have decided to grant the Joint Petition for modification because the settlement set forth in it addresses our concerns about the FCC's unbundled interim rate structure, and

---

7 As an example of the sort of protest envisioned by the final element of their negotiated settlement, petitioners suggest the following:

> "[A] protest might be filed on the ground that a reduction on one access rate element (e.g., for DS3 direct trunked transport) was not being matched by a corresponding reduction on another rate element (e.g., for DS1 direct trunked transport). Again, without prejudging the outcome of such a claim, it is the intent of the parties that CACD and the Commission would give such protest full consideration without regard to the fact that the proposed rate exceeded the applicable price floor." (Id. at 6, fn. 4.)

This appears to be a response to the complaint voiced by some parties in their 1993 comments that the FCC's four-part rate structure could facilitate cross-subsidization in the event Category II pricing flexibility was authorized for the LECs. (See D.95-04-073, mimeo. at p. 30.)

strikes a reasonable balance on other related issues. By accepting the settlement, we will be able to avoid choosing one of the two extreme interpretations of the collocator discount described above. Since the settlement is unopposed, approval of it should also allow the necessary advice letter compliance filings to be made without protest, permitting local transport competition to begin immediately.

As noted above, D.95-04-073 rejected parity with the FCC's rate structure largely because it "recover(s) through the RIC too much revenue from large IECs who make limited use of tandems while apportioning only a fraction of tandem costs to tandem users." (Mimeo. at p. 34.) The NIC, which is the centerpiece of the proposed settlement, obviously does not suffer from this infirmity to nearly the same degree. In contrast to the RIC which was supposed to produce "revenue neutrality" and from which Pacific expected to receive fully 68% of its local transport revenues (id. at 31)--the NIC is expected to yield about $30 million less for Pacific than the rates authorized in IRD. While the shortfall is less for GTEC ($4.6 million), it is still significant. Clearly, implementation of the NIC should not present nearly the same problems that the RIC would have presented. However, we wish to make clear that the NIC, unlike the other rate elements, will remain in Category I. This recognizes the fact that the LECs are the current monopoly providers of interconnection services, and that the NIC is not a cost-based item and does not recover the costs for any specific transport function.

Our second reason for approving the settlement is that the approach we used in D.95-04-073--giving customers of record served by collocators a discount off of IRD local transport rates--has obviously not proven to be an effective alternative to the FCC's interim rate structure. We acknowledged in D.95-04-073 that given the cost studies available to us, the collocator discount could be only a "very rough proxy" for estimating the distance-sensitive LEC costs avoided by a customer using a collocator. In view of the diametrically opposite positions the LECs and the other petitioners have taken about when the discount should apply, it is simply not worth the effort that would be required to choose one of these interpretations, try to implement it, and then live with the consequences.[8]

Third, contrary to what we assumed in D.95-04-073 (mimeo. at p. 36), parity between the local transport rate structure agreed to by the parties and the FCC's interim rate structure is likely to continue for some time. The Joint Petition notes that the FCC has recently announced its intention to extend its four-part interim rate structure for at least one year beyond the scheduled October 31, 1995 expiration date. (Joint Petition at 2.) Now that all parties have gained familiarity with this rate structure, it makes sense to approve a settlement based on a modified form of it.

Finally, the joint petitioners have urged us in the strongest terms that their settlement "contains concessions by all parties", and that unless it is adopted as a complete package, they have agreed to withdraw the Joint Petition and return to the status quo ante. (Id. at 7.) Because the concessions made by the various parties are evident (e.g., the LECs' willingness to forego Category II contracting flexibility until a long-term rate

8 This is especially true in view of the joint petitioners' assertion that:

> "The [settlement] resolves the concerns expressed by the parties. For CAPs, parity introduces an unbundled local transport rate structure which recognizes the value of the facilities they provide in lieu of the LECs' current transport rate structure. For the LECs, parity reduces the size of the immediate revenue reductions from what would have occurred under the interpretations contained in the protests." (Joint Petition at 6.)

structure is in place), because the settlement addresses the misgivings about parity we expressed in D.95-04-073, and because it is clear that the "status quo ante" has not served to bring about immediate competition in the intrastate local transport market, we will grant the Joint Petition and modify D.95-04-073 accordingly.

As the petitioners point out, granting the petition requires several changes in the ordering paragraphs of D.95-04-073. These changes are set forth in the ordering paragraphs of this decision. For the convenience of the reader, the ordering paragraphs of D.95-04-073 as modified by this decision are also set forth in Appendix C hereto.

<u>Findings of Fact</u>

1. Pursuant to OP 6 of D.95-04-073, GTEC filed Advice Letter 7653 on May 25, 1995, which set forth a local transport rate based on IRD that included a discount for customers of record served by collocators. This filing was amended on June 30, 1995 via Advice Letter 7653A.

2. Pursuant to OP 7 of D.95-04-073, Pacific filed Advice Letter 17502 on May 26, 1995, which set forth a local transport rate based on IRD that included a discount for customers of record served by collocators.

3. GTEC's advice letter was protested by AT&T, ICG, PLI, and TCG. AT&T's protest was withdrawn after the advice letter was amended.

4. Pacific's advice letter was protested by ICG, MCI, PLI, and TCG.

5. On August 30, 1995, Pacific, GTEC, and the protestants to their respective advice letters met with Commissioner Conlon to discuss their differences.

6. Commissioner Conlon encouraged the parties to negotiate a settlement, so that the Commission would not have to choose between their diametrically opposite interpretations of the discount for customers of record served by collocators.

7. In the six weeks following August 30, 1995, the parties held many meetings in person and by conference call to explore possibilities for a settlement.

8. On October 20, 1995, Pacific filed, on behalf of itself and seven other parties who had participated in the discussions, a Joint Petition for modification of D.95-04-073 that represents a complete settlement of the parties' differences.

9. Under the alternative to the RIC set forth in the Joint Petition, which the parties refer to as the NIC, Pacific would recover approximately $30 million less in local transport revenues than under the rates authorized for it in IRD.

10. Under the NIC, GTEC would recover approximately $4.6 million less in local transport revenues than under the rates authorized for it in IRD.

11. The NIC is appropriately classified as a Category I service.

<u>Conclusions of Law</u>

1. The settlement of the protests to the Pacific and GTEC advice letters set forth in the Joint Petition is reasonable and should be approved, as set forth below.

2. An interim rate structure for intrastate local transport that is in parity with the FCC's, but without the disadvantages of the RIC, would promote ease of understanding and administrative convenience.

3. The NIC described in the Joint Petition answers the objections to the RIC set forth in D.95-04-073.

4. Pacific should immediately be authorized to file the four-part interim rate structure for local transport (including a NIC) that is set forth in Attachment A to the Joint Petition.

5. GTEC should immediately be authorized to file the four-part interim rate structure for local transport (including a NIC) that is set forth in Attachment B to the Joint Petition.

6. Pacific and GTEC should each be authorized to implement a Zone Density Plan in parity with the FCC's as set forth in Attachments A and B, respectively, to the Joint Petition.

7. Pacific and GEC should each be required to forego the Category II contracting flexibility authorized for them in D.95-04-073 until a long-term intrastate local transport rate structure is in effect.

8. Pacific and GTEC should be granted a modified version of Category II rate flexibility, as set forth below.

9. Neither Pacific nor GTEC shall have any pricing flexibility as to the NIC since this is a Category I service.

10. In the event that either Pacific or GTEC chooses to file an advice letter seeking authority to reduce by zone any tariffed local transport rate element approved herein down to the applicable price floor, any party aggrieved by such advice letter may file a protest. It should not be a sufficient ground to deny the protest that the proposed rate element is at or above the applicable price floor.

11. Neither Pacific nor GTEC should be allowed to seek any rate increase or offset, or any rate rebalancing of any kind, as a result of any revenue reduction experienced as a result of their respective NICs.

O R D E R

IT IS ORDERED that:

1. Within 5 days after the effective date of this order, Pacific Bell (Pacific) shall file the tariff pages set forth in Attachment A to the Joint Petition To Modify Decision (D.) 95-04-073 (Joint Petition) filed in this docket on October 20, 1995. Said tariff pages shall become effective on five days notice.

2. Within 5 days after the effective date of this order, GTE California Incorporated (GTEC) shall file the tariff pages set forth in Attachment B to the Joint Petition. Said tariff pages shall become effective on five days' notice.

3. When the tariff pages described in Ordering Paragraphs (OP) 1 and 2 become effective, Pacific and GTEC shall each implement an intrastate Zone Density Plan in parity with that of the Federal Communications Commission (FCC) in CC Docket 91-141, as set forth in Appendices A and B, respectively, to this decision.

4. Until a long-term rate structure for local transport has been adopted by this Commission, Pacific and GTEC shall forego the authority granted to them in D.95-04-073, as a result of the recategorization of local transport as a Category II service, to enter into customer-specific contracts for switched access local transport service. As to the Network Interconnection Charge (NIC), this rate element shall be placed in Category I with no pricing flexibility.

5. In the event that either Pacific or GTEC chooses to file an advice letter seeking authority to reduce by zone any tariffed local transport rate element approved herein down to the applicable Category II price floor, any party aggrieved by such advice letter may file a protest. It shall not be a sufficient ground to deny the protest that the proposed rate element is at or above the applicable price floor.

6. Neither Pacific nor GTEC shall be allowed to seek any rate increase or offset, or any rate rebalancing of any kind, as a result of any revenue reduction experienced as a result of the intrastate local transport rates set forth in Attachments A and B, respectively, to the Joint Petition.

7. Conclusion of Law (COL) 24 in D.95-04-073 shall be changed to read: "Unless the problems associated with the RIC are addressed, the four-part interim rate structure for local transport adopted by the FCC in CC Docket No. 91-213 should not be adopted."

8. COLs 25 through 30 of D.95-04-073 shall be deleted and replaced with the following, and the remaining COLs in D.95-04-073 shall be renumbered:

> "25. The Network Interconnection Charge (NIC) proposed by the parties as a replacement for the RIC reduces the amount of revenue recovered from large IECs, who are required by the RIC to pay most tandem costs, even though they make only limited use of tandems.
>
> "26. The NIC is a reasonable solution to the problems associated with the RIC and should be approved.
>
> "27. An intrastate local transport rate structure in parity with the FCC's would promote ease of understanding and administrative convenience.
>
> "28. An intrastate local transport rate structure in parity with the FCC's, but with the RIC replaced by the NIC, is reasonable and should be approved."

9. COL 36 of D.95-04-073 (before renumbering) shall be amended to add the following clause before the period: ", except that Pacific and GTEC should each be required to forego Category II contracting flexibility until a long-term intrastate local transport rate structure has been adopted by this Commission."

10. COL 37 of D.95-04-073 (before renumbering) shall be deleted.

11. OPs 6 and 7 of D.95-04-073 are moot and shall be deleted, and the remaining OPs renumbered.

12. OP 9 of D.95-04-073 (before renumbering) is amended by deleting all the words after "collocation tariffs" and replacing them with the following: "and the filing by Pacific of tariff sheets setting forth an interim local transport rate structure that includes the Network Interconnection Charge agreed to by the parties."

13. OP 10 of D.95-04-073 (before renumbering) is amended by deleting all the words after "collocation tariffs" and replacing them with the following: "and the filing by GTEC of tariff sheets setting forth an interim local transport rate structure that includes the Network Interconnection Charge agreed to by the parties."

14. OP 11 of D.95-04-073 (before renumbering) is amended by deleting the words "within 30 days after the effective date of this order," and adding after the word "transport" the following: "no later than March 31, 1996."

15. OP 12 of D.95-04-073 (before renumbering) is amended by deleting the words "6, 7 and 11".

This order is effective today.

Dated December 6, 1995, at San Francisco, California.

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

PACIFIC BELL

ACCESS SERVICE SCHEDULE CAL.P.U.C. NO.175-T

Switched Access Service

Rates and Charges

Switched Transport

(A) Entrance Facilities (Per Point of Termination)

	USOC	Zone	Monthly Rate	Nonrecurring Charge 1st	Nonrecurring Charge Add'l
(1) Voice Grade					
2-wire		1	$ 30.00	$ 000.00	$ 000.00
2-wire		2	30.00	000.00	000.00
2-wire		3	30.00	000.00	000.00
4-wire		1	44.00	000.00	000.00
4-wire		2	44.00	000.00	000.00
4-wire		3	44.00	000.00	000.00
(2) DS1		1	124.00	633.50	300.00
		2	135.00	633.50	300.00
		3	145.00	633.50	300.00

PACIFIC BELL

ACCESS SERVICE

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport (Cont'd)

(A) Entrance Facilities (Per Point of Termination) (Cont'd)

	USOC	Monthly Rates	Nonrecurring Charges
(3) Month-to-Month			
- Fiber Advantage[sm] DS3 with Terminal Equipment			
Zone 1		$2,500.00	$31,000.00
Zone 2		2,500.00	31,000.00
Zone 3		2,500.00	31,000.00
- Fiber Advantage[sm] DS3 without Terminal Equipment			
Zone 1		1,650.00	21,150.00
Zone 2		1,650.00	21,150.00
Zone 3		1,650.00	21,150.00
- Fiber Advantage[sm] DS3x3 with Terminal Equipment			
Zone 1		7,558.00	56,200.00
Zone 2		7,558.00	56,200.00
Zone 3		7,558.00	56,200.00
- Fiber Advantage[sm] DS3x3 without Terminal Equipment			
Zone 1		4,659.00	43,200.00
Zone 2		4,659.00	43,200.00
Zone 3		4,659.00	43,200.00

PACIFIC BELL

ACCESS SERVICE

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport

(A) Entrance Facilities (Per Point of Termination) (Cont'd)

(4) Fiber Advantage[SM] DS3 and DS3x3 Rate Stability Payment Plan

	USOC	Monthly Rates	Nonrecurring Charges
(a) 1 Year Plan			
- Fiber Advantage[SM] DS3 with Terminal Equipment			
Zone 1		$2,500.00	$3,000.00
Zone 2		2,500.00	3,250.00
Zone 3		2,500.00	3,500.00
- Fiber Advantage[SM] DS3 without Terminal Equipment			
Zone 1		1,650.00	2,000.00
Zone 2		1,650.00	2,250.00
Zone 3		1,650.00	2,500.00
- Fiber Advantage[SM] DS3x3 with Terminal Equipment			
Zone 1		6,989.00	5,500.00
Zone 2		6,989.00	6,000.00
Zone 3		6,989.00	6,500.00
- Fiber Advantage[SM] DS3x3 without Terminal Equipment			
Zone 1		4,053.00	4,000.00
Zone 2		4,053.00	4,500.00
Zone 3		4,053.00	5,000.00

PACIFIC BELL

ACCESS SERVICE

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport

(A) Entrance Facilities (Per Point of Termination) (Cont'd)

(4) Fiber Advantage[SM] DS3 and DS3x3 Rate Stability Payment Plan (Cont'd)

	USOC	Monthly Rates	Nonrecurring Charges
(b) **3 Year Plan**			
- Fiber Advantage[SM] DS3 with Terminal Equipment			
Zone 1		$1,800.00	$1,500.00
Zone 2		1,900.00	1,625.00
Zone 3		2,000.00	1,750.00
- Fiber Advantage[SM] DS3 without Terminal Equipment			
Zone 1		1,250.00	1,000.00
Zone 2		1,300.00	1,125.00
Zone 3		1,350.00	1,250.00
- Fiber Advantage[SM] DS3x3 with Terminal Equipment			
Zone 1		3,800.00	2,750.00
Zone 2		3,900.00	3,000.00
Zone 3		4,000.00	3,250.00
- Fiber Advantage[SM] DS3x3 without Terminal Equipment			
Zone 1		2,200.00	2,000.00
Zone 2		2,300.00	2,250.00
Zone 3		2,400.00	2,500.00

PACIFIC BELL

ACCESS SERVICE

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport

(A) Entrance Facilities (Per Point of Termination)(Cont'd)

(4) Fiber Advantage[sm] DS3 and DS3x3 Rate Stability Payment Plan (Cont'd)

	USOC	Monthly Rates	Nonrecurring Charges
(b) 3 Year Plan (Cont'd)			
- Fiber Advantage[sm] DS3x12 with Terminal Equipment			
Zone 1		$11,000.00	$3,500.00
Zone 2		11,250.00	4,500.00
Zone 3		11,500.00	6,000.00
- Fiber Advantage[sm] DS3x12 without Terminal Equipment			
Zone 1		7,800.00	3,000.00
Zone 2		8,050.00	4,000.00
Zone 3		8,300.00	5,000.00

PACIFIC BELL

ACCESS SERVICE

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport

(A) Entrance Facilities (Per Point of Termination)(Cont'd)

(4) Fiber Advantage[SM] DS3 and DS3x3 Rate Stability Payment Plan (Cont'd)

	USOC	Monthly Rates	Nonrecurring Charges
(c) 5 Year Plan			
- Fiber Advantage[SM] DS3 with Terminal Equipment			
Zone 1		$1,600.00	$2,500.00
Zone 2		1,700.00	3,000.00
Zone 3		1,800.00	3,500.00
- Fiber Advantage[SM] DS3 without Terminal Equipment			
Zone 1		1,080.00	1,500.00
Zone 2		1,130.00	2,000.00
Zone 3		1,180.00	2,500.00
- Fiber Advantage[SM] DS3x3 with Terminal Equipment			
Zone 1		3,000.00	4,500.00
Zone 2		3,250.00	5,500.00
Zone 3		3,500.00	6,500.00
- Fiber Advantage[SM] DS3x3 without Terminal Equipment			
Zone 1		1,600.00	3,000.00
Zone 2		1,700.00	4,000.00
Zone 3		1,800.00	5,000.00

PACIFIC BELL

ACCESS SERVICE

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport

(A) Entrance Facilities (Per Point of Termination)(Cont'd)

(4) Fiber Advantage SM DS3 and DS3x3 Rate Stability Payment Plan (Cont'd)

	USOC	Monthly Rates	Nonrecurring Charges
(c) 5 Year Plan (Cont'd)			
- Fiber Advantage SM DS3x12 with Terminal Equipment			
Zone 1		$8,400.00	$ 7,000.00
Zone 2		8,700.00	9,000.00
Zone 3		9,000.00	12,000.00
- Fiber Advantage SM DS3x12 without Terminal Equipment			
Zone 1		6,000.00	6,000.00
Zone 2		6,300.00	8,000.00
Zone 3		6,600.00	10,000.00
(4) 274.176 Mbps		ICB**	ICB**

PACIFIC BELL

ACCESS SERVICE SCHEDULE CAL PUC NO 175-T

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport (Cont'd)

(B) Direct-Trunked Transport

	USOC	ZONE	Monthly Rate Fixed	Monthly Rate Per Mile
(1) Voice Grade per transport channel				
0 Miles		1	None	None
Over 0 Miles		1	$ 25.00	$ .45 Rx.
0 Miles		2	None	None
Over 0 Miles		2	25.00	.45 Rx
0 Miles		3	None	None
Over 0 Miles		3	25.00	.54 Ix
(2) DS1 per transport channel				
0 Miles		1	None	None
Over 0 Miles		1	59.41 Rx	15.00
0 Miles		2	None	None
Over 0 Miles		2	64.50	15.25
0 Miles		3	None	None
Over 0 Miles		3	70.00	15.50
(3) DS3 per facility				
0 Miles		1	None	None
Over 0 Miles		1	500.00	43.70
0 Miles		2	None	None
Over 0 Miles		2	550.00	43.70
0 Miles		3	None	None
Over 0 Miles		3	600.00	43.70

PACIFIC BELL

ACCESS SERVICE SCHEDULE CAL P.U.C. NO. 175-T

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport

(C) Tandem Switched Transport (Cont'd)

		ZONE	Per Access Minute
(1) Tandem Switched Transport			
Fixed per Access Minute of Use			
	0 Miles	1	None
	Over 0 Miles	1	$.000286
	0 Miles	2	None
	Over 0 Miles	2	.000286
	0 Miles	3	None
	Over 0 Miles	3	.000286
Per Mile per Access Minute of Use			
	0 Miles	1	None
	Over 0 Miles	1	.000045
	0 Miles	2	None
	Over 0 Miles	2	.000045
	0 Miles	3	None
	Over 0 Miles	3	.000045
(2) Tandem Switching per Access Minute		1	.001051
Tandem Switching per Access Minute		2	.001051
Tandem Switching per Access Minute		3	.001051

PACIFIC BELL

SCHEDULE CAL.P.U.C. NO. 175-T

ACCESS SERVICE

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport (Cont'd)

(D) Network Interconnection Charge

Rate Per Access Minute

Zone	Per Access Minute
All	.004745

PACIFIC BELL

ACCESS SERVICE

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport (Cont'd)

(E) Installation Per Order

	Nonrecurring Charge First	Nonrecurring Charge Additional
- Per FGA, ALA line traversing Direct Trunked Transport	$312.00	$312.00
- Per FGB, ATA-950, FGD, ATA-10XXX or 800 Access Service traversing Direct Trunked transport or Tandem-Switched transport	500.00	184.00

(F) Rollovers

- Per Point of Termination with No Change in Point of Termination

	USOC	First	Additional
DS1		498.00 Sx	350.00
DSO/VG		203.00	45.00
FGA Line		352.00	200.00

- Per Point of Termination with Change in Point of Termination

	First	Additional
DS1	696.00	438.00
DSO/VG	429.00	183.00
FGA Line	352.00	200.00

PACIFIC BELL

ACCESS SERVICE

Switched Access Service (Cont'd)

Rates and Charges (Cont'd)

Switched Transport (Cont'd)

Multiplexing - per Arrangement

	USOC	ZONE	Monthly Rate	Nonrecurring Charges
DS3 to DS1				
- Per Arrangement		1	$325.00	None
- Per Arrangement		2	350.00	None
- Per Arrangement		3	375.00	None
DS1 to Voice/Digital				
Option 1		1	250.00	None
Option 2		1	250.00	None
DS1 to Voice/Digital				
Option 1		2	275.00	None
Option 2		2	275.00	None
DS1 to Voice/Digital				
Option 1		3	300.00	None
Option 2		3	300.00	None

(END OF APPENDIX A)

FACILITIES FOR INTRASTATE ACCESS

II. **Switched Access**

Rates

Switched Transport

A. Tandem-Switched Transport - Facility	Per Access Minute Per Airline Mile
Zone 1	0.00001550
Zone 2	0.00002950
Zone 3	0.00003140

B. Tandem-Switched Transport - Termination	Per Access Minute Per Termination
Zone 1	0.00020470
Zone 2	0.00020470
Zone 3	0.00020470

C. Tandem Switching Rate	Per Access Minute
Zone 1	0.00036210
Zone 2	0.00036210
Zone 3	0.00036210

D. Network Interconnection Rate	
Zone 1	0.00588000
Zone 2	0.00588000
Zone 3	0.00588000

E. Direct-Trunked Transport-Facility-Voiceband	Per Airline Mile, Per ~~Month~~ Month
Zone 1	$3.71
Zone 2	3.71
Zone 3	3.71

F. Direct-Trunked Transport-Facility-DS1	
Zone 1	$5.00
Zone 2	10.00
Zone 3	12.89

Direct-Trunked Transport-Termination-DS1	Monthly Rate
Zone 1	$30.00
Zone 2	30.00
Zone 3	30.00

Continued

FACILITIES FOR INTRASTATE ACCESS

II. **Switched Access**

Rates

Switched Transport

G. Direct-Trunked Transport-Facility-DS3	Per Airline Mile Per Month
Zone 1	$32.36
Zone 2	32.37
Zone 3	32.38

Direct-Trunked Transport-Termination-DS3	Monthly Rate
Zone 1	$221.13
Zone 2	221.14
Zone 3	221.15

H. Entrance Facility-2-Wire & 4-Wire Voiceband	Per Entrance Fac.
Service Installation Charge	$101.93

Entrance Facility-2-Wire Voiceband	Monthly Rate
Zone 1	$30.00
Zone 2	30.00
Zone 3	30.00

Entrance Facility-4-Wire Voiceband	
Zone 1	$48.00
Zone 2	48.00
Zone 3	48.00

I. Entrance Facility - DS1	Service Installation
First System	$733.91
Each Additional System	$106.01

Continue

FACILITIES FOR INTRASTATE ACCESS

II. Switched Access

Rates

Switched Transport

I. Entrance Facility - DS1 - continued

	Monthly Rate
First System	
Zone 1	$230.00
Zone 2	250.00
Zone 3	270.00
Each Additional System	
Zone 1	$130.00
Zone 2	130.00
Zone 3	130.00

J. Entrance Facility - DS3

	Service Installation
Electrical Interface	$733.91
Optical Interface	$660.52

	Monthly Rate
Electrical Interface	
Zone 1	$1,200.00
Zone 2	1,200.00
Zone 3	1,200.00
Optical Interface	
Zone 1	$900.00
Zone 2	900.00
Zone 3	900.00

Continued

(END OF APPENDIX B)

FACILITIES FOR INTRASTATE ACCESS

II. **Switched Access**

Rates

Switched Transport

K. Multiplexing

	Service Installation
DS1 to Voice	$728.29
DS3 to DS1	$366.95

	Monthly Rate
DS1 to Voice	
Zone 1	$190.00
Zone 2	190.00
Zone 3	190.00
DS3 to DS1	
Zone 1	$361.19
Zone 2	361.20
Zone 3	361.21

Continued

(END OF APPENDIX B)

Ordering Paragraphs of Decision 95-04-073
as modified by this order

1. Within 30 days after the effective date of this order, GTE California Incorporated (GTEC) shall file as an advice letter with the Commission Advisory and Compliance Division (CACD), virtual collocation tariffs conforming to the rules and policies adopted in this decision for all central offices for which GTEC has filed virtual collocation tariffs at the Federal Communications Commission (FCC).

2. Within 45 days after receipt of a bona fide request for interconnection at a central office for which GTEC has not previously filed a virtual collocation tariff, GTEC shall file such a tariff as an advice letter with CACD.

3. Within 30 days after the effective date of this order, Pacific Bell (Pacific) shall file as an advice letter with CACD, virtual collocation tariffs conforming to the rules and policies adopted in this decision for all central offices for which Pacific has filed collocation tariffs at the FCC, unless Pacific prefers in a particular case to file a physical collocation tariff in lieu of a virtual collocation tariff. In such an instance, the structure of the physical collocation tariff shall mirror the corresponding physical collocation tariff that Pacific has filed at the FCC, except to the extent that such FCC filing is inconsistent with the rules and policies adopted in this decision.

4. Within 45 days after receipt of a bona fide request for interconnection at a central office for which Pacific has not previously filed a collocation tariff, Pacific shall file a virtual collocation tariff as an advice letter with CACD, or a physical collocation tariff if Pacific prefers it and adequate space within the central office is available.

5. If Pacific wishes to withdraw for any reason a physical collocation tariff filed pursuant to Ordering Paragraph 3 or 4, it

APPENDIX C
Page 2

shall follow the usual procedure for doing so set forth in Section XIV of General Order 96-A, and shall file as an advice letter with CACD, a virtual collocation tariff to take effect immediately upon withdrawal of the physical collocation tariff.

6. Beginning on October 1, 1995, Pacific and GTEC shall file with CACD, quarterly reports setting forth their respective experiences with repair and maintenance of basic transmission equipment dedicated to interconnector use under the virtual collocation tariffs ordered in this decision.

7. Consistent with the rules and policies adopted in this decision, competition for local transport service in Pacific's service area is authorized upon approval by this Commission of the advice letters that Pacific has been directed to file regarding collocation tariffs and the filing by Pacific of tariff sheets setting forth an interim local transport rate structure that includes the Network Interconnection Charge agreed to by the parties.

8. Consistent with the rules and policies adopted in this decision, competition for local transport service in GTEC's service area is authorized upon approval by this Commission of the advice letters that GTEC has been directed to file regarding collocation tariffs and the filing by GTEC of tariff sheets setting forth an interim local transport rate structure that includes the Network Interconnection Charge agreed to by the parties.

9. Pacific and GTEC shall file advice letters setting forth their respective price floors for local transport no later than March 31, 1996.

10. Pursuant to Section IV.B. of General Order 96-A, the advice letter filings required by Ordering Paragraphs 1, 2, 3, 4, and 5 of this decision shall become effective no sooner than the 40th calendar date after filing.

(END OF APPENDIX C)